L5: Entry 1 of 3   File: USPT   Jun 25, 2002

DOCUMENT-IDENTIFIER: US 6411939 B1
TITLE: Computer-aided method, machine, and products produced thereby, for illustrating a
replacement of a benefit plan that is viable at one location but not viable at the location of
the replacement

Brief Summary Text (5):
The present invention is in the field of digital electrical machines and methods for making and
using the same, data structures, necessary intermediates, and products produced thereby. More
particularly, the present invention is directed to a digital electrical apparatus and method
for data processing and data management having particular utility in the field of employee
benefits, insurance, and compensation, especially in a business or financial transaction data
processing system. Still more particularly, the present invention pertains to automated or
partially automated (as by machine) activities in financial, business practice, management, or
cost/price determination. Even more particularly, the present invention pertains to a machine
comprising a digital electrical computer having a processor programmed for electrically
processing input data into output data, the computer electrically connected to an input device
and to an output device, for illustrating a replacement of a benefit plan.

Brief Summary Text (17):
To design a multi-jurisdictional replacement benefit plan is largely dependent on the tax laws
of the host jurisdiction within which the benefitted employee is the taxed entity. Generally,
foreign jurisdictions are either common law or civil law entities. Civil law is based on the
court's interpretation of the law as written, whereas each court decision adds to the body of
law in a common law system. In either system, individual taxable income is based on any one or
more of the following factors:

Brief Summary Text (29):
Meanwhile, MNEs are seeking the ability to provide equitable cross-border benefits to their
global employees, and therefore, consultants are anxiously seeking providers who can supply
global benefit solutions. Yet, to date, no one has dedicated the time and resources to
developing the complex structures needed to provide global benefit plans. Prior to this
invention, products and support programs for global benefit plans did not exist.

Brief Summary Text (43):
To meet these and other objects apparent from this document as a whole, the inventor herein has
made a first innovation in the field of compensation and particularly in benefits that has
created a need for a second innovation in the field of computer science, the latter being the
subject of this patent application. The invention for which a patent is sought in overcoming
some or all of the drawbacks indicated herein is an apparatus (machine), method of making the
machine and products produced thereby, method of using the machine, article of manufacture,
necessary intermediates including data structures, collectively referenced herein as the
method. The method is implemented with a machine comprising a digital electrical computer
having a processor programmed for electrically processing input data into output data, the
computer electrically connected to an input device and to an output device, for illustrating a
replacement of a benefit plan. Preferably, the method is carried out including the steps of:
entering information defining a benefit plan that is viable at one location but not viable at
the location of the replacement plan, to convert the information into a portion of the input
data that is electrically conveyed to the digital electrical computer for processing; engaging
the digital electrical computer for the processing of the input data into the output data, the
output data corresponding to characteristics for a replacement of the benefit plan that is

viable at the replacement plan's location; and generating an illustration of the replacement at the output device. The foregoing can be carried out further including the step of computer-assisted administering of the replacement in accordance with the illustration and/or further including the step of computer-assisted accounting of payments for the replacement in accordance with the administrating and/or further including the step of computer-assisted trust accounting for the replacement in accordance with the administrating.

<u>Detailed Description Text</u> (2):
FIG. 1 shows, in block diagram form, the computer-based elements that can be utilized to implement the present invention. The present invention involves computer system 1, which encompasses processor circuitry 3 in a digital electrical computer 2. For flexibility, it is preferable to have the processor circuitry 3 formed by means of a computer program programming programmable circuitry, i.e., programming the computer (microprocessor, such as one of the Pentium series). The programming can be carried out with a computer program (or programs) 4, which for flexibility should be in the form of software stored in an external memory 5, such as a diskette, hard disk, virtual disk, or the like form of an article of manufacture. (The virtual disk is actually an extended internal memory 5 that may assist in speeding up computing.) A diskette approach is optional, but it does provide a useful facility for inputting or storing data <u>structures</u> that are a product produced by the host software, as well as for inputting a software embodiment of the present invention. Of course, storing the computer programs 4 in a software medium is optional because the same result can be obtained by replacing the computer programs in a software medium with a hardware storage device, e.g., by burning the computer programs 4 into a ROM to form a specific hardware embodiment, using conventional techniques to convert software into an ASIC or FPGA, etc., as would be understood by one having a modicum of skill in the arts of computer science and electrical engineering. (It is well known in the art of computer science that it is a trivial technical exercise to go from hardware to software or vice versa. See, for example, James R. Goodman, Todd E. Marlette, and Peter K. Trzyna, "The Alappat Standard for Determining That Programmed Computers are Patentable Subject Matter," J.P.T.O.S. October 1994, Volume 76, No. 10, pages 771-786, and James R. Goodman, Todd E. Marlette, and Peter K. Trzyna, "Toward a Fact-based Standard for Determining Whether Programmed Computers are Patentable Subject Matter," J.P.T.O.S. May 1995, Vol. 77, No. 5, pages 353-367, both of which are incorporated by reference.) In this regard, it should also be noted that "input" can include inputting data for processing by the computer program 4 or inputting via a portion of the computer program 4 code itself. Likewise, computer system 1 contemplates implementations in one or a plurality of computers, which could be in a distributed network or even unconnected but operated to carry out the invention as a whole.

<u>Detailed Description Text</u> (123):
Specimen 2 is a representation of the contents of a sample Plan Sponsor's Administrative Guide. The specimen presents a typical <u>Table of Contents,</u> which details the myriad of information items that can be included in a guidebook. Each Replacement Plan will have a unique <u>Table of Contents</u> tailored to the particular plan design. Likewise, each plan sponsor can have particular content to be included in the guidebook that is unique to the plan sponsor's methods of accounting or philosophy of doing business. The development of each Administrative Guide is a joint effort between the plan sponsor and the plan administrator to develop an useful tool for maintaining the integrity of the Replacement Plan and keeping all parties properly informed regarding the success of the plan in fulfilling the plan sponsor's objectives and goals in a cost-effective manner.

<u>Detailed Description Text</u> (124):
The sample <u>Table of Contents</u> for a Replacement Plan for a non-qualified deferred compensation plan funded with a life insurance policy. Each section contains needed reference materials. Section 1 provides information about the plan administrator and the contact listing for all parties involved. Section 2 explains the evolution of the plan design and its purpose for future management, who may not be a party to the replacement plan's implementation. Section 3 describes the process and criteria used to select the funding product and the particular investment options within that product. Section 4 includes the Replacement Plan Illustration and provides a place for annual performance reviews to measure the actual performance against the projected performance originally illustrated. Section 5 delineates the Plan Administration mechanics, with separate procedures for the phase of the plan in which the assets are being

accumulated and the phase of the plan when the assets are being paid as benefits to the participants. In addition, Section 5 includes the procedures and forms to be used for participant transactions (ref. FIG. 10). Section 6 provides the procedures and instructions for transferring contributions into the Replacement Plan funding system, which is this invention. Section 7 is a calendar of events that need to be executed to efficiently service the Replacement Plan. The calendar is included as part of Specimen 2. Section 8 is the legal agreement that details the expectations of both the plan sponsor and the plan administrator in providing the plan servicing. Section 9 provides samples of the routine and custom reports generated by the plan administration system for both the plan sponsor and the participant. These reports will be further explained as additional specimens. Section 10 provides the plan sponsor with the forms needed for the life insurance policy and participant administration. Of course, the form and substance of such a manual is subject to change, and it may be provided in different formats, including electronically provided directly or indirectly from the Replacement Plan Administering Computer 20 to the Plan Sponsor's Computer 22 via a network.

Detailed Description Paragraph Table (1):
SPECIMEN SAMPLES Table of Contents Fig. Output Reports Specimen 3 Replacement Plan Illustration 1 9 Plan Sponsor Administration Guide 2 14 Participant`s Statement of Account 3 Plan Sponsor Asset Allocation Report 4 Plan Sponsor Payment Summary 5 Plan Sponsor Asset/Liability Comparison 6 Plan Sponsor Contribution Confirmation 7 Participant`s Hypothetical Fund Performance Report 8 Participant`s Transaction Confirmation Statement 9 17 Private Banking Internet Services Offering 10 20 Asset Reconciliation Report 11 21 Trustee`s Cash Value Reports 12 Plan Sponsor`s Cash Value Report 13 Offshore Group PPVUL Product Specifications 14 17 Strategic Investment Plan - Internet Services Offering 15